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Assistant Vice President
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY



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December 21, 2000

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street S.W.
TW-A325-12th Street Lobby
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

**Re: In the Matter of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee,
For Consent to Transfer Control, CC Docket No. 98-184, Memorandum Opinion and
Order, Adopted: June 16, 2000, Released: June 16, 2000.**

Dear Ms. Salas,

In reference to the above-captioned matter please consider this letter and attachments, thereto, as our
Petition for a waiver under *Appendix D*.

Please include a copy of this correspondence in the public record in the above referenced proceedings.
Any questions on this filing should be directed to me at the number above.

Sincerely,

Attachments

cc: A. Dale, Esq.

No. of Copies rec'd 0+1
List A B C D E

DRAFT PROPOSAL FOR MAJOR CUSTOMER NETWORKS

- Verizon would allocate the portion of the net book value (or FMV, if higher) of the embedded and new MCN assets used to provide Advanced Services to the SDA. The SDA would be responsible for all design and procurement decisions relating to the Advanced Services functionality of new assets.
- Since the assets will be jointly used for voice and data, they would not be located in collocation space; however, the SDA would pay the ILEC the recurring and nonrecurring fees (as applicable) that would apply to the collocation of this equipment in proportion to its use for Advanced Services.
- Revenues for the Advanced Services portion of the MCNs would be allocated to the SDA.
- The SDA will provide NPED&A services for the Advanced Services portion of the network; however, such activities may be coordinated with Verizon (e.g., they may jointly determine how to deploy a combined voice and data circuit).
- The SDA would direct and control the provisioning and maintenance process for the Advanced Services portion of the MCNs. The ILEC could carry out these functions under the SDA's direction.
- ILEC would continue to bill both for both non-Advanced and Advanced Services.
- For new activations of Advanced Services, the customer would contact their existing ILEC account team. This team would place a "request for new service" with the Verizon MCN center in Harrisburg or West Virginia. The MCN center would notify the SDA of this request. The SDA would work with MCN center to make decision of where to terminate the new service. The SDA would then issue an ASR to Verizon wholesale for a connecting facility for Advanced Services.
- For trouble reports, the customer would contact the existing Verizon SPOC (the MCN Center). The SPOC would notify the SDA of a customer trouble involving an Advanced Service. The SDA would open up an internal trouble ticket and direct and control any and all parties required to facilitate the resolution of the trouble condition (Verizon wholesale, MCN, third party, etc.).

- While the customer records for Advanced Services would be housed in ILEC systems, the SDA would put procedures in place to prevent SDA employees from having access to ILEC information not necessary for the provision of Advanced Services.

STAMP & RETURN

Gordon R. Evans
VP Federal Regulatory

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December 18, 2000

VIA FAX

Ms. Dorothy Attwood
Chief, Common Carrier Bureau
Federal Communications Commission
445 12th Street, SW - Room 5C-450
Washington, D.C. 20554

Re: Temporary Waiver of Certain Separate Affiliate Merger Conditions

Dear Ms. Attwood:

I am writing to notify you pursuant to Section I(6)(f) of the Bell Atlantic/GTE merger conditions¹ that Verizon has not yet received the necessary regulatory approvals in California, Hawaii, New Jersey and a portion of Virginia to provide Advanced Services through a separate affiliate. Therefore, Verizon will not be providing Advanced Services through a separate affiliate in these areas by December 27.² Verizon will be providing Advanced Services in "steady state" in the remaining 28 states where it operates by the end of the year, and in most of its operating territory in Virginia, by that date.

Verizon New Jersey Inc. filed a petition for approval to transfer Advanced Services assets to the separate data affiliate, Verizon Advanced Data Inc. ("Verizon Data") on August 7, 2000.³ The New Jersey Board of Public Utilities has not acted on the petition and has not yet established a procedural schedule for review. It is our expectation that any required proceedings will be conducted in the first quarter of next year. Upon conclusion of any such proceedings and approval of the petition, we intend to transfer the responsibility for providing Advanced Services in New Jersey to Verizon Data.

¹ *In the Matter of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control, CC Docket No. 98-184, Memorandum Opinion and Order, Adopted: June 16, 2000, Released: June 16, 2000. Appendix D, § I at ¶ 6f.*

² December 27 is the date by which Verizon must provide Advanced Services in the separate affiliate if necessary state approvals are obtained. *See id.* at 6a-f.

³ The lag between the merger closing date of June 30 and the date the various asset transfer petitions were filed was necessary to allow time for Verizon manually to inventory the assets to be transferred.

Verizon California Inc. and Verizon Hawaii Inc. both filed petitions with their respective state commissions to transfer Advanced Services assets to Verizon Data on September 1, 2000. Neither petition has been approved. We are hopeful that the Hawaii petition will be approved in January 2001 although no official date has been scheduled for action on the petition.

In California, the asset transfer petition is scheduled for hearings in March. However, following the California commission's approval of Verizon Data's application for a certificate to provide service, we intend to execute a license agreement between Verizon California and Verizon Data to allow Verizon Data the use of the assets while the petition is pending. We currently expect to receive this approval in late December or in January 2001. After this approval is received, we will implement the license arrangement and provide Advanced Services through Verizon Data.

The Virginia State Corporation Commission has scheduled hearings on Verizon Data's⁴ application to provide service in Virginia for December 19. Assuming the application is approved, we intend to transition the provision of Advanced Services to Verizon Data this year. However, certain contracts between Verizon South (the former GTE ILEC in Virginia) and Verizon Data (such as joint marketing, O,I&M and billing and collection) are subject to state commission approval that will not be obtained until first quarter 2001. Until that time, Verizon South will remain the provider of record of Advanced Services in Virginia in the Verizon South operating territory.

I would also like to point out to you three situations that may affect our literal compliance with the merger conditions and which, based on the circumstances, justify a limited waiver of the merger conditions.

First, prior to moving DSL services to Verizon Data, Verizon connected the components of its DSL network in the former Bell Atlantic region to computer servers using the ILECs' official services network. These computers allow technicians to monitor, maintain and provision the DSL network. In July of this year, Verizon Data finalized plans to transition off this network to a network procured from a third party carrier. The network would consist of 233 private line circuits connecting a facility in Baltimore to hubs in the metropolitan areas where Verizon provides DSL. In August we were informed that the current tenant of this facility would not be able to leave the premises until 2001. Verizon Data then arranged for space at a building in Madison, New Jersey, redesigned the network to terminate there, and re-ordered the circuits. The circuits were scheduled to be installed coincident with the transition to Verizon Data. We were recently told by the vendor that these due dates would not be met and that the installation of all but a handful of the circuits would not be completed until April 2001 and perhaps later. We have been unable to find an alternative vendor to provide these circuits by the end of the year. Accordingly, Verizon Data intends to continue to use this capacity on the official services network and compensate the Verizon ILECs in accordance with the Commission's accounting rules until the third party circuits are installed. We do not believe this transaction is prohibited under the merger conditions. But, because the official services network includes interLATA

⁴ The Advanced Services affiliate in Virginia is Verizon Advanced Data - Virginia Inc., which is a direct subsidiary of Verizon Data.

circuits, the Verizon ILECs would be unable pursuant to Sections 271 and 272 of the '96 Act to provide such interim interLATA capacity to third parties were they to request it.

Second, we intend officially to change the payroll records of the employees who will be transferred from the Verizon ILECs to Verizon Data on January 1, 2001 rather than on December 27, 2000. This will avoid having to restart the FICA withholdings for these employees and the contributing companies for the four day differential. Also, since these employees will be moving to a different benefit plan in Verizon Data, we are concerned that moving them prior to the end of the year will compromise a smooth transition to the new plan. Verizon Data will reimburse the Verizon ILECs for the salaries and benefits of the transferred employees for this four day period.

Third, as we have previously discussed with members of your staff, the Verizon ILECs sell private networks to the Commonwealth of Pennsylvania, the State of West Virginia and the City of Philadelphia that provide both voice and Advanced Services using the same switching, transmission and network management equipment. The networks are provided pursuant to individual case basis contracts. We are not able to split these networks apart without substantially disrupting service to these customers and substantially increasing their costs. To do so would require us to replicate the physical facilities and support systems for both the voice and data portions of the network. This would, for example, require the customers to procure duplicate interLATA facilities from their long distance carriers at significant cost, and would require Verizon to disconnect existing circuits and connect them to different equipment, thereby causing service outages. Since many of these circuits support state and municipal emergency service agencies, such outages could be particularly problematic. Last week we proposed a solution to you (a copy of which is attached) that we believe will alleviate these concerns while preserving the policy goals that underlie the separate affiliate conditions.

Please do not hesitate to call me if you would like to discuss this matter further.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "G. Evans", with a stylized, flowing script.

Attachment

cc: Carol Matthey
Tony Dale

DRAFT PROPOSAL FOR MAJOR CUSTOMER NETWORKS

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